



Rizal Commercial Banking Corporation

LONG TERM NEGOTIABLE CERTIFICATES OF TIME DEPOSIT DUE 2024

This summary highlights information contained in the Preliminary Offering Circular and is qualified in its entirety by, and must be read in conjunction with, the more detailed information and financial statements appearing therein. You are urged to read the Preliminary Offering Circular carefully, including the Bank's consolidated financial statements and related notes and "Investment Considerations".

1 Summary Terms of the Offering

The following is a general summary of the terms of the LTNCDs. This summary is derived from and should be read in conjunction with the Terms and Conditions of the LTNCDs (the "Terms and Conditions"). The Terms and Conditions shall prevail in the event of any inconsistency with the terms set out below.

Issuer	Rizal Commercial Banking Corporation ("RCBC")
Issue	Long Term Negotiable Certificates of Time Deposit ("LTNCDs")
Status and Ranking	Direct, unconditional, unsecured, and unsubordinated debt ranking <i>pari passu</i> with all other present and future direct, unconditional, unsecured, and unsubordinated obligations of the Issuer
Deal Size	Up to ₱ 20 billion, to be issued in one or more tranches within one (1) year from BSP approval (Monetary Resolution No. 1144 dated 12 July 2018)
Tenor	5.5 years
Indicative Rate*	5.125 to 5.25% area per annum, fixed for the term of the LTNCDs
Issue Price	At par or 100% of face value
Interest Periods	Fixed rate, quarterly, 30/360-day count basis
PDIC Coverage	Up to the current maximum amount of ₱500,000, subject to applicable laws, rules and regulations, as amended from time to time
Denomination	Minimum denominations of ₱50,000.00 and in increments of ₱10,000.00 thereafter
Use of Proceeds	The net proceeds of the issue, after deducting fees, commissions and other related expenses will be used by the Bank to expand the Bank's long-term deposit base, support long-term asset growth and other general funding purposes
Taxation	Tax-exempt for qualified individuals if held for at least five (5) years

Early Redemption	Yes, but only by the Bank, subject to LTNCD Regulations and the Terms and Conditions. The Bank has the option to redeem in whole the LTNCDs on any Interest Payment Date at face value plus accrued interest. The LTNCDs cannot be terminated by the LTNCD Holders before Maturity Date, except as otherwise provided in the Terms and Conditions
Sole Lead Arranger and Bookrunner	The Hongkong and Shanghai Banking Corporation Limited (“HSBC”)
Other Selling Agents	HSBC Multinational Investment Bancorporation (“MIB”) RCBC (through its Head Office and Branches) RCBC Savings Bank
Registrar and Paying Agent	Philippine Depository & Trust Corp. (“PDTC”)
Offer Period**	September 10 to 21, 2018
Target Issue Date	September 28, 2018
Listing	The LTNCDs will be listed on the Philippine Dealing & Exchange Corp. (“PDEX”). All secondary trades are to be executed on PDEX.

**To be determined before end of offer period*

***RCBC reserves the right to adjust the offer period as needed*

2 About the Issuer

RCBC posted an unaudited consolidated net income of PHP2.2 billion for the first half of 2018. Excluding non-recurring income (trading gains), core income grew 47% compared to last year, reflecting continued robust growth in earnings from core businesses.

Income from core businesses continued to show progress as net interest income reached PHP9.7 billion with 12% growth year-on-year. Even with the intense pricing competition, RCBC still achieved an annualized net interest margin (NIM) of 3.98% which remains one of the highest in the sector. This was bolstered by the Bank’s vibrant lending business with net loans and receivables expanding by 14% to PHP372 billion. All market segments sustained their solid growth with 11% growth in corporate loans, 36% growth in SME Loans, 17% growth in consumer loans and 33% growth in credit card receivables.

Rizal MicroBank (RMB), the microfinance arm of the Bank that provides financing requirements for micro and small enterprises, increased its outstanding loan portfolio by 27% year on year. RCBC Bankard had a strong and active card base of 625,000 in the first half of 2018, higher by 16% against the same period last year.

Despite the sustained growth momentum in loans, the Bank’s asset quality remained well-managed with consolidated NPL Ratios of 1.18%, better than the 1.35% posted in the same period last year. NPL coverage improved to 100% from the previous year’s 80% at the consolidated level, and a healthier 151% at the parent bank level.

Total gross income reached PHP12.8 billion with total other operating income reaching PHP3.1 billion or 24% of the total gross income. Fees and commissions, which include card related fees - both credit and debit cards, trust fees, and fees on investment banking and loans were at PHP1.8 billion, and accounted for 14% of the total gross income.

Total operating expenses amounted to PHP9.6 billion for the first half of 2018 with the continued expansion in branch and distribution network as well as higher documentary stamp taxes (DST). The Bank's branch network grew to 509 branches as of end-June 2018 from 495 as of end-June 2017 while, ATMs increased to 1,597 as of end-June 2018 compared to 1,511 as of end-June 2017. This resulted to a 3.14 branch-to-ATM ratio, one of the highest in the industry.

Total Deposits grew by P14.0 billion year-on-year to PHP396.4 billion. CASA grew by PHP12 billion year-on-year to P231.6 billion as of end-June 2018, bringing CASA Ratio to 58.4%, up from 57.5% for the same period last year. The Bank's Capital funds stood at PHP68.0 billion and well above the minimum regulatory requirement with a CAR of 14.52% and CET1 Ratio of 11.60%. Total Resources expanded to PHP583.9 billion.'

The Bank's commitment to service excellence has resulted to numerous awards from regulators, as well as respectable local and international award giving bodies. The Philippine Dealing Systems Holding Corporation (PDS) recognized RCBC among the top institutions in the following categories: Fixed Income Dealing Participant; Fixed Income Cash Settlement Bank; Corporate Securities Maker; and PDDTS-PVP Participant. The Bangko Sentral ng Pilipinas (BSP) on the other hand cited the Bank as Outstanding Respondent for Coordinated Portfolio Investment Survey. RCBC also received seven awards for the fixed income category and seven for the equities category, including the Best Equities House, and Best Fixed Income House awards from the Fund Manager's Association of the Philippines (FMAP). In the area of Communications and Branding, RCBC received several awards, among them six Quill Awards from the International Association of Business Communicators and the Gold Anvil for the brand refresh campaign. RCBC Bankard received the Best Card Offering-Philippines recognition during the 5th International Finance Magazine (IFM) Awards.

RCBC is rated Baa3 (or investment grade) with a Stable outlook by Moody's.

RCBC's main line of business covers Corporate and SME banking, Retail banking including Consumer lending, Credit Cards, Wealth Management, Trust, Treasury, Investment Banking and Remittances. RCBC has also ventures in the microfinance business to service the smallest entrepreneurs via Rizal Microbank.

3 Indicative Timetable

September 10, 2018	Start of the Offer Period
September 21, 2018	Close of the Offer Period
September 28, 2018	Settlement and Issue Date

4 RCBC LTNCDs versus Alternative Bank Instruments

FEATURES	RCBC LTNCD	TIME DEPOSITS	TIER 2 NOTES
Credit	Senior	Senior	Subordinated
Term	5.5 years	Usually in tenors of 30, 60, and 90 days	Usually 10 years
Form	Scripless	Certificated	Scripless
Pre-termination by holder	Cannot be pre-terminated	May be pre-terminated	Cannot be pre-terminated
Secondary Trading	Yes –PDEX	Non-negotiable/non-transferrable	Yes – via Market Maker or via PDEX
PDIC Coverage	Currently, up to PHP 500,000	Currently, up to PHP 500,000	Not covered
Taxation	Tax Exempt for qualified individuals if held for at least 5 years	Subject to 20% withholding tax	Tax Exempt for qualified individuals if held at least 5 years
Minimum Denomination	Minimum of ₱50,000 and in increments of ₱10,000 thereafter or as prescribed by the BSP	Variable	Minimum of ₱500,000 and in multiples of ₱100,000 or as prescribed by the BSP
Listing	Listing on PDEX	Not required	Not required
Non-viability Loss Absorption	No	No	Yes
Subscription Period	Only during the public offer period as approved by BSP	Flexible, upon discretion of RCBC	Only during the public offer period as approved by BSP

5 Frequently Asked Questions

What are LTNCDs?

LTNCDs are long-term negotiable certificates of time deposit that indicate an amount of indebtedness of a bank. The minimum features of LTNCDs are that it be denominated in Philippine Pesos, have a minimum maturity of at least five (5) years, be scripless in form, and registered with a third-party Registry Bank maintaining an Electronic Registry Book (“ERB”). LTNCDs are also required to be listed on an organized and accredited exchange.

LTNCDs are primarily offered through Selling Agents and subsequently transferred through authorized trading participants of PDEX.

BSP Circular No. 877, another supplementary document related to the regulations of LTNCDs, included some of the following key amendments in the Circular:

- (1) validity of LTNCD issuances to a period of one year
- (2) the removal of a market maker
- (3) the requirement of LTNCDs to be listed on an accredited exchange immediately, and to issue LTNCDs within thirty (30) days after MB approval
- (4) all changes of third-parties upon notice to BSP

Why is RCBC Issuing LTNCDs?

The net proceeds of the LTNCDs will be used by the Bank to expand the Bank’s long-term deposit base, support long-term asset growth and other general funding purposes.

Why invest in LTNCDs?

LTNCDs are especially meant to mobilize savings and encourage long-term investment. For qualified individual investors, interest earned is not subject to withholding tax (“WHT”) if the LTNCD is held for at least five (5) years. LTNCDs are also negotiable which means they may be bought or sold in the secondary market through an eligible trading participant on PDEX.

Are the LTNCDs insured?

Yes, LTNCDs are covered by the Philippine Deposit Insurance Corporation (“PDIC”), subject to applicable rules and regulations. The current maximum insurance coverage is up to ₱500,000 per depositor. To determine the amount insured per depositor, all accounts maintained in the same right and benefit of a certain depositor’s benefit, whether in his own name or in the name of others, are covered under this deposit insurance coverage.

Can the LTNCDs be pre-terminated by the Holders?

No. Holders of the LTNCDs are not allowed to pre-terminate the LTNCDs prior to its stated maturity. However, investors may transfer their holdings in the secondary market should they decide to not hold the instrument until maturity. Such transfers are not considered as a pre-termination, except for tax purposes.

How do LTNCDs differ from a regular Time Deposit?

LTNCDs cannot be pre-terminated by Holders unlike a regular time deposit. LTNCDs also have a longer maturity date, with a tenor of a minimum of five (5) years, whereas time deposits are shorter term usually in tenors of just 30, 60, or 90 days.

LTNCDs are negotiable and transferable through the PDEX.

What are some of the risks involved in investing in LTNCDs?

The coupon rate on the LTNCDs is fixed if the investor holds the LTNCDs for at least five (5) years. However, if an investor decides to sell the LTNCDs in the secondary market, he shall be exposed to price risk depending on the prevailing market rate of the LTNCDs at that time. The LTNCDs also become subject to withholding tax, and other applicable transaction fees if the investor decides to sell its holdings prior to maturity.

The investor should read “Investment Considerations” in the Offering Circular for more information on potential risks.

Who are the parties involved in an LTNCD offering?

Per the LTNCD regulations, the relevant parties to an LTNCD offering and their respective functions, among others, are as follows:

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|---------------------------|---|
| ▪ Issuing Bank/Issuer | The bank offering the LTNCDs and the party that will be indebted to investors |
| ▪ Registry Bank/Registrar | Generates and maintains the Electronic Registry of Holders; records any transfer of ownership; issues the Registry Confirmation (“RC”) to holders |
| ▪ Paying Agent | Facilitates the credit of periodic interest and principal payments to investors’ accounts |
| ▪ Arranger | Disseminates information to prospective depositors/investors of LTNCDs on the terms and conditions of the issue, and the rights and obligations of the holders and other parties in the offer; determines pricing for the primary issue |
| ▪ Selling Agent | Authorized distributors of the LTNCD in the primary offering. Issues the Purchase Advice (“PA”) for the primary offering of the LTNCD |

Who are eligible to invest in the LTNCDs?

Any person or entity may purchase the LTNCDs EXCEPT the following prohibited investors:

- The issuer and/or related entities
- Funds managed by the Trust and Investment Group of the issuer and/or related entities
- Persons who are otherwise not qualified under the LTNCD Regulations
- Persons classified as U.S. Persons under the Foreign Account Tax Compliance Act of the United States (FATCA)

- Persons classified as a Restricted Party
- Until such time as the trading platform of PDEX can properly track their respective tax status (as confirmed or announced by PDEX): persons who are (a) non-resident aliens not engaged in trade or business in the Philippines or (b) non-resident foreign corporations, but only until such time as the operational tax framework and such applicable trading and settlement rules and conventions of PDEX allow for the two (2) aforementioned to qualify as LTNCD Holders

The investor must read the definition of a Prohibited LTNCD Holder, a Restricted Party, and a U.S. Person under the “Terms and Conditions of the LTNCDs” as well as related sections in the Offering Circular.

Can the LTNCDs be used as collateral for loans?

Unlike Tier 2 Notes, there is no regulatory restriction to use LTNCDs as collateral for loans. The Bank has taken a view that it will not consider LTNCDs as collateral for the loan.

When will investors receive interest payments on the LTNCDs?

Investors will receive interest payments on a quarterly basis on the designated interest payment dates, subject to business day conventions which, for this tranche, is a 30/360-day count basis.

Is there tiered or incremental interest rate applied?

The LTNCDs offer a fixed coupon rate to all investors throughout the life of the LTNCDs.

Is partial sale of LTNCDs allowed?

Yes, subject to the regulations of PDEX. In the event that the LTNCD holder would like to sell only a portion of their investment, the original RC should be given to the trading participant. The original RC will then be cancelled and the Registry will issue two new RCs, one with the transferred amount to the new investor, and the other with the remaining amount retained to the original holder. This, however, is subject to the minimum holding amount and subsequent increments of the LTNCDs.

How much is the net income of an investor for a minimum investment of PHP50,000?

Assuming an individual investor buys the LTNCD at 5.00%, and holds it for at least five years – and is therefore tax exempt, he is expected to receive a gross payment of PHP2,500 per annum

How much is the maximum allowed investment?

There is no ceiling or maximum allowed investment. The minimum investment required is at least PHP50,000, and in increments of PHP10,000 thereafter.

Are “Joint Investments” allowed in this instrument?

Yes. Similar to other deposits, joint investments in “and” or “or” accounts are allowed.

Are joint investors required to submit IDs for all names listed in the ATP or just for the principal

investor?

Yes. All joint investors are required to submit IDs for all names listed in the ATP to comply with relevant Anti-Money Laundering Association (AMLA) regulations.

Can a minor be included as an investor?

Yes, but only if the minor is part of a joint account under the guardianship of an adult and a TIN is provided for him.

Why should ID requirements be per name in the ATP for and/or accounts?

This is a requirement by the Registrar and the Selling Agent to comply with regulations.

Are “In Trust For” accounts and numbered accounts allowed?

Yes. “In Trust For” accounts are allowed; however, numbered accounts are not allowed because names of investors must be disclosed to properly reflect ownership of the LTNCD with the Registrar.

Can Trust entities provide certification on account holders and not provide the required documentation per individual investor?

No. The Registrar requires that the standard documents are provided to them for each individual investor regardless of whether they are clients of Trust entities.

The investor must read the “Offer Procedure” section in the Offering Circular for a complete list of documentary requirements.

How long is the process to transfer ownership of the instrument in the secondary market?

The process to transfer ownership of the instrument depends on how soon a trade is matched and how soon the transfer documents are accomplished and submitted to the trading participants and the Registrar

What and how much are the fees in the secondary market?

Trading participants may charge different rates depending on the transaction being executed in the secondary market.

The investor must read the “Offer Procedure” section in the Offering Circular for a complete breakdown of fees.

Will investors of LTNCD be reported to BIR?

No, the LTNCDs are deposits and are covered by the Bank Secrecy Law.

What can retirees who are foreign citizens provide instead of a TIN?

There is currently no alternative. Retirees who are foreign citizens must also provide a TIN.

Can a dual citizen (Filipino and U.S.) invest in the LTNCDS?

No. A U.S. dual citizen is still classified as a U.S. person under FATCA regulations and would be ineligible to invest in the LTNCDS.

Why are U.S. persons prohibited holders?

This is to comply with FATCA, which was created to prevent U.S. tax evasion by U.S. persons.

6 Taxation

What are the tax implications of investing in the LTNCDS?

All principal and interest payments on LTNCDS held by individual citizens, resident aliens, and non-resident aliens engaged in trade or business in the Philippines are free and clear of any withholding taxes if held for at least 5 years.

The documentary stamp tax on the primary issuance of the LTNCDS is for the account of RCBC. Currently, there is no documentary stamp tax due on the secondary trading of the LTNCDS.

What taxes will apply to individuals in case the LTNCDS are transferred in the secondary market?

In case of transfers, the LTNCDS holder shall be liable for the resulting tax due on the entire interest income earned on the LTNCDS (if any) at graduated tax rates, based on the holding period of the LTNCDS:

<u>HOLDING PERIOD</u>	<u>TAX RATE</u>
Less than three years	20%
Three to less than four years	12%
Four to less than five years	5%
Five or more years	0%

Payment of the appropriate taxes shall be a pre-condition to effecting the transfer of the LTNCDS. Individuals who purchase in the secondary market that hold on to the LTNCDS wherein the remaining tenor is less than five years, will be taxed 20% withholding tax.

What taxes will apply to non-qualified investors?

Interest income on the LTNCDS shall be subject to a final tax (to be deducted and withheld by the Bank from interest payments) at the following rates:

Non-resident alien individuals not engaged in trade or business in the Philippines	25%
Domestic and resident foreign corporations	20%

7 Offer Procedures

Where and when can an investor purchase the LTNCDs?

The LTNCDs will be sold during the offer period through:

- Any branch of RCBC
- The Selling Agents (HSBC, MIB, RCBC Savings Bank)

How does an investor participate in the public offer period?

The following procedures and requirements qualify an investor to participate in the public offer period:

- Investors must submit a duly executed **Application to Purchase form (“ATP”)** accompanied by appropriate payment instructions to a Selling Agent.
- Investors will also be subject to account opening and **Know Your Customer (“KYC”)** procedures of the Selling Agent.
- From the signing of the ATP, investors have a two Banking Day cooling off period to reconsider the proposal and offer to subscribe to the LTNCDs, after which the offer will be firm and irrevocable.
- The Selling Agents, on behalf of RCBC, reserve the right to accept, reject, scale down or re-allocate any ATP. In the event of over-subscription, investment amounts will be pro-rated accordingly.
- Upon confirmation of the allocated amount, investors will be issued a **Purchase Advice (“PA”)** by the Selling Agent.
- Investors will then be issued a **Registry Confirmation (“RC”)** by the Registry.

What is an investor’s proof of ownership of the LTNCDs?

The LTNCDs are issued in scripless form. The Registry Confirmation serves as the evidence of registration of the LTNCDs in an investor’s name, but the electronic registry book maintained by the Registrar will serve as the best evidence of ownership of the LTNCDs.

Can an investor still purchase the LTNCDs after the public offering?

Yes. Investors may purchase the LTNCDs in the secondary market via PDEX trading participants at prevailing market prices.

The secondary sale will be subject to certain transaction fees.

There is no assurance that the trading participants will actually make a market in the LTNCDs, or if they do, that they will continue to make a market in the future.

What is the general process for executing a sale in the secondary market via a Trading Participant?

Client contacts the trading participant who will then provide a quote.

If client agrees to the quote, the seller shall submit to the trading participant the original PA, original RC, and a letter of instruction to sell the LTNCDs.

The trading participant will then submit to the Registry the seller's RC for cancellation.

The buyer shall receive the original RC from the Registrar.

The seller will receive its proceeds (net of taxes, if any) on the settlement date of the transaction.

8 Schedule of Registry Fees

The Registrar shall be entitled to charge the LTNCD holders and/or their counterparties such fees as the Registrar shall reasonably prescribe in connection with the services that the Registrar shall perform such as, but not limited to, the opening and maintaining of accounts, the maintenance of records of the LTNCD holders in the Registry Book, the issuance, cancellation and replacement of any Registry Confirmation, statements and transfers of the LTNCDs, which fees may be deducted from the interest payments due to the relevant LTNCD holders. The Registrar will charge the following fees to the LTNCD holders, which fees might be subject to change:

Upfront Fees

- ₦100 secondary account opening fee paid upfront by the LTNCD Holder
- ₦75 account opening fee for primary issuance and account maintenance fee of 0.02% p.a. are for the account of the Issuer

Other Fees

- ₦100 transfer fee for the transferor LTNCD Holder and ₦100 transfer fee for the transferee (Either party may opt to pay the ₦200 per transfer.)
 - ₦100 transaction fee per side or either side may opt to pay full charge of ₦200 per transfer
 - ₦500 per side plus legal cost for transaction fee due to non-trade transactions, for non-intermediated transfers (e.g. inheritance, donor, pledge)
 - ₦50 will be charged for each credit to LTNCD holder's cash account with specified bank via EPCS, for the account of the Issuer
 - ₦500 will be charged for each credit to LTNCD holder's cash account with specified bank via RTGS, for the account of the Issuer
 - ₦50 will be charged for requested statement in addition to the free quarterly securities statements that will be delivered via courier to stated address (actual delivery costs will be for the account of the issuer)
 - ₦200 to be paid upon each application of a certification request of holding.
 - ₦50 for replacement of lost or damaged Registry Confirmation
 - ₦100 amendment fee per account, for the account of the Selling Agent, assuming it was an error in relation to the sales report
 - The fees for Special Reports may vary depending on request.
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In the event that the Registrar is prohibited by law or regulation to charge the LTNCD holders and/or their counterparties such fees in connection with its services, the Bank and the Registrar shall agree on

such other arrangements in order for the Registrar to be fully compensated for the services it performs pursuant to the Registry and Paying Agency Agreement executed between them.

9 Secondary Sales via Trading Participants

Investors may purchase the LTNCDs in the secondary market via the PDEX trading participants, at prevailing market prices.

General Process Flow:

Process Flow	Key Details
<p>1</p> <p>TRANSFEROR AND TRANSFEREE LTNCD NOTEHOLDERS Accept Trading participant's bid/offer price and submit all required documents</p>	<ul style="list-style-type: none"> • Client (through their Selling Agent) contacts the trading participants • Trading participant provides a quote for the market price of the LTNCDs • If client agrees to the quote, client accomplishes the relevant documentary requirements (see details below) • Trading participant submits all documents to the Registrar and issues a trade confirmation to the client • Registrar will effect the transfer • Registrar will issue a new Registry Confirmation
<p>2</p> <p>TRADING PARTICIPANT Provide quote for buy/sell of LTNCD in the secondary; Receives documentation effecting transfer from both the transferor and transferee of the LTNCDs</p>	
<p>3</p> <p>REGISTRAR AND PAYING AGENT Accept documents and effecting transfers; Issues new Registry Confirmation(s)</p>	

Relevant documentary requirements:

- Depending on the selling agent, a Letter of Authority to Sell of the seller/transferor may be required to evidence the instruction to sell the LTNCD
- Relevant Trade-Related Transfer Form or Non-Trade Related Transfer Form, as the case may be, duly accomplished by the transferor LTNCD Holder and endorsed by the relevant Trading Participant, substantially in the form agreed upon between the Bank and the Registrar
- For new LTNCD holder:
 - Duly accomplished Investor Registration Form of the buyer/transferee as prescribed by the Registrar
 - Proof of the qualified tax-exempt status of the transferee, if applicable, and the covering Affidavit of Undertaking
 - Original duly endorsed signature cards of the buyer/transferee and such other original or certified true copies of other documents submitted by the buyer/transferee in support of the transfer or assignment of the LTNCDs in its favor
 - Appropriate secretary's certificate attesting to the board resolutions authorizing the transfers and acceptances as well as designating the authorized signatories, together with specimen signature cards duly signed by the parties, and duly authenticated by each party's corporate secretary

- Upon listing of the LTNCDs in PDEX, such other applicable documents or instructions to effect settlement of PDEX trades pursuant to the trading and settlement rules of PDEX in effect at that time

Contact Details:

RCBC TREASURY / RCBC BACK OFFICE

RCBC is supervised and regulated by the Bangko Sentral ng Pilipinas.

For inquiries or complaints, you may contact RCBC
at telephone no. +632 877-RCBC (877-7222) or
the BSP Financial Consumer Protection Department
at telephone no. +632 708-7087.